

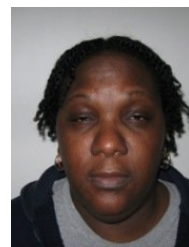
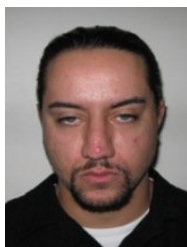
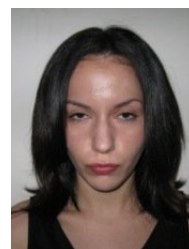
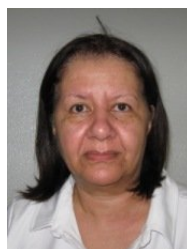
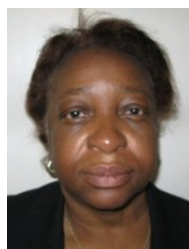


Nine Charged in \$1 Million Disability Insurance Fraud Conspiracy

Nine suspects were charged with devising a complex disability fraud scheme in Monroe County. The suspects allegedly bilked four insurance companies out of more than \$1 million by billing for home health care services when little or none was actually provided. The investigation centered on Judi Grate and Bianca Bucano who are charged with being the architects of a criminal plan that Attorney General Agents have termed, "Operation Forgery Factory."

To help carry out the fraud, Grate and Bucano allegedly enlisted the help of seven others who were either friends or family members: Melissa Bucano, Christopher Bucano, Pecilla Grate Flowers, Barbara Rollins, Uhura "Nicole" Byrd, Grace John and Patricia Lesane. Evidence and testimony regarding the alleged criminal activity was presented to a statewide investigating grand jury, which recommended that criminal charges be filed. The insurance companies listed as victims of the alleged scheme are the Philadelphia American Life Insurance Company, the Genworth Life Insurance Company, the AIG Centennial Insurance Company and the Metropolitan Life Insurance Company.

Each of the defendants have been charged with sixteen counts of Forgery, thirteen counts of Insurance Fraud, four counts of Theft by Deception, three counts of Criminal Attempt/Theft by Deception, two counts of Corrupt Organizations and one count each of Theft by Failure to make Required Disposition of Funds, Dealing in Proceeds of Unlawful Activity and Criminal Conspiracy.



ARRESTS

Insurance Fraud

- On March 10, 2010, Elizabeth Hoffman was arrested in Lehigh County. According to the Criminal Complaint, Hoffman submitted a claim to the Unum Provident Insurance Company for disability and in 2004 began receiving monthly payments. At the time, Hoffman elected not to have an offset for estimated future Social Security Benefits withheld from her monthly payments and signed a form in 2005 electing this option. The Complaint stated that in February 2006, Hoffman was awarded SSDI benefits and received a retroactive check in the amount of \$29,334.00. Hoffman began receiving monthly SSDI payments in addition to the monthly payments already being paid by Unum. According to the Complaint, in May 2007, Hoffman represented to Unum that she still had not received a decision from the Social Security Administration. Then in January 2008, Hoffman represented to Unum that she had been awarded SSDI benefits, but claimed the award was as of December 2007. The Complaint stated that the alleged misrepresentations resulted in Unum overpaying Hoffman in excess of \$65,000. Elizabeth Hoffman has been charged with one count of Insurance Fraud (F3) and one count of Theft by Deception (F3).
- On March 1, 2010, Arnold Moyd was arrested in Philadelphia County. According to the Criminal Complaint, Moyd sued the Commonwealth, alleging that he was injured as a result of a January 2007 accident caused by a state employee. In answers to interrogatories and sworn deposition testimony, Moyd stated that, as a result of the accident, his lower back, right leg and right ankle were injured. Moyd further stated that, prior to this accident, he had no pain or injuries to those parts of his body and denied being involved in any prior accidents, other than ones that occurred over 20 years earlier, from which, he explicitly stated, he had fully recovered. An arbitrator awarded Moyd \$40,000 on his claim. However, allegedly Moyd also pursued a Social Security disability claim in which he represented that he was disabled as a result of an accident which

occurred in 2004, which resulted in injuries to his lower back and legs. The Complaint stated that the 2004 injuries continued past the time that Moyd gave his answers to interrogatories and deposition testimony in connection with the January 2007 accident. Arnold Moyd has been charged with one count of Insurance Fraud (F3), one count of Theft by Deception (F3), two counts of Perjury (F3), two counts of False Swearing (M2) and one count of Unsworn Falsification to Authorities (M2).

- On March 1, 2010, Jason Miller was arrested in Dauphin County. According to the Criminal Complaint, Miller was employed as a drill operator with Bassett Environmental Associates when he injured his left arm. As a result of his injury, Miller began to receive workers' compensation benefits from the Pennsylvania State Workers' Insurance Fund (SWIF) from October 9, 2006, to the present. Furthermore, the Complaint stated that Miller submitted disability LICB 760 forms to SWIF stating that he was not employed or self-employed. However, according to the Complaint, Miller was self-employed as an auto mechanic and had been since April 2008. Thus, Miller received \$16,177.15 in workers' compensation benefits that he allegedly was not entitled to. Jason Miller has been charged with one count of Workers' Compensation Insurance Fraud (F3) and one count of Theft by Deception (F3).
- On March 26, 2010, Samuel Thompson, II, was arrested in Mercer County. According to the Criminal Complaint, Thompson, employed as a laborer, was injured at work in December 2007, and began to collect workers' compensation benefits from SWIF. The Complaint stated that Thompson began to work for a new employer in August 2008, but failed to notify SWIF. Additionally, the Complaint stated that Thompson denied such employment on two forms submitted to SWIF and as a result, obtained \$30,325.34 in benefits he allegedly was not entitled to receive. Samuel Thompson, II has been charged with two counts of Workers' Compensation Insurance Fraud (F3) and one count of Theft by Deception (F3).

- On March 24, 2010, Patrick Kitonis was arrested in Allegheny County. According to the Criminal Complaint, Kitonis was injured at work while unloading a truck in October 2006, and began to collect workers' compensation benefits from SWIF. However, the Complaint stated that Kitonis began to work full time at an apartment complex in October 2007 and allegedly concealed his employment from SWIF. Kitonis denied his employment on two forms submitted to SWIF and as a result, obtained \$19,748.56 in benefits he allegedly was not entitled to receive. Patrick Kitonis has been charged with two counts of Workers' Compensation Insurance Fraud (F3) and one count of Theft by Deception (F3).
- On March 11, 2010, Daimon Parrish was arrested in Delaware County. According to the Criminal Complaint, Parrish was an insurance agent for the Allianz Insurance Company in Delaware County. In February of 2007, an Allianz policy holder requested that Parrish withdraw \$8,495.41 from her Allianz policy so that she could reinvest the money. According to the Complaint, Parrish did not re-invest the funds. Moreover, the Complaint stated that at the time of this incident, Parrish was serving a 5 year suspension of his insurance license. Daimon Parrish has been charged with one count of Insurance Fraud (F3) and one count of Theft by Failure to Make Required Disposition of Funds (F3).
- On March 9, 2010, Bradley Hines was arrested in Westmoreland County. According to the Criminal Complaint, Hines abandoned his Honda Civic to members of a motorcycle theft ring who staged the theft of his car so that Hines could file an insurance claim with the State Farm Insurance Company. As a result of the claim, Hines received \$7,708.90. Bradley Hines has been charged with two counts of Insurance Fraud (F3), one count of Theft by Deception (F3) and one count of False Reports to Law Enforcement Authorities (M3).
- On March 5, 2010, Wayne Pellegrini was arrested in Montgomery County. According to the Criminal Complaint, Pellegrini was involved in a two car motor vehicle accident on July 15, 2009, during which his vehicle

struck another vehicle. The Complaint stated that Pellegrini's policy with the Progressive Insurance Company had been suspended on June 20, 2009, for failure to pay his premiums. However, according to the Complaint, Pellegrini made a \$300 cash payment reinstating his policy on July 16th, and reported that the accident occurred on July 21st. Wayne Pellegrini has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).

- On March 23, 2010, David Horter was arrested in Delaware County. According to the Criminal Complaint, Horter owned a 2007 motorcycle which was insured by the Geico Insurance Company. Horter submitted a claim to Geico stating that his motorcycle had been stolen. Horter represented to Geico that he discovered the motorcycle was missing only after police notified him that it had been damaged and abandoned after being involved in an accident. Geico paid for the repairs to the motorcycle. However, it was Horter who had allegedly been racing another motorcyclist on the date of the claimed theft and crashed. The Complaint stated that Horter fled the scene on foot and had his girlfriend take him back to the apartment prior to the police arriving to question him about the motorcycle. David Horter has been charged with one count of Insurance Fraud (F3), one count of Theft by Deception (F3) and one count of False Reports to Law Enforcement Authorities (M3).
- On March 5, 2010, Larel Fabian was arrested in Fayette County. According to the Criminal Complaint, Fabian was receiving disability benefits from the Travelers Insurance Company for an injury. In July 2009, Fabian's treating physician ordered additional physical therapy, but did not restrict her from going back to work and gave her a document indicating only that she was to have additional physical therapy. However, Fabian allegedly altered the document to indicate that she was still unable to return to work. Larel Fabian has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (F3) and one count of Forgery (M1).

- On March 22, 2010, Shanice Eilam was arrested in Fayette County. According to the Criminal Complaint, Eilam struck a deer with her vehicle at a time when she was uninsured and that Eilam subsequently obtained coverage from the Infinity Insurance Company. The Complaint further stated that Eilam filed a claim with Infinity a few days later, falsely stating that the accident occurred after the coverage was in place. Shanice Eilam has been charged with two counts of Insurance Fraud (F3 & M1) and one count of Criminal Attempt/Theft by Deception (M1).
- In March 2010, Ronald Wanamaker, Jr. and Ronald Wanamaker, Sr. were arrested in Lackawanna County. The Complaint stated that Wanamaker Sr. flew from his residence in Florida to Scranton for a dental appointment. Furthermore, the Complaint stated that Wanamaker Sr. presented his son's insurance card and completed a patient information form on which he put his actual date of birth, but wrote his son's address, social security number and place of employment. The cost of the dental work was billed to and paid by the United Concordia Insurance Company. Ronald Wanamaker, Jr. and Ronald Wanamaker, Sr. have been charged with two counts of Insurance Fraud (F3), one count of Theft by Deception (M1) and one count of Conspiracy (M1).
- On March 19, 2010, Ronald Ferguson, Jr. and Charlie Schiola were arrested in Westmoreland County. According to the Criminal Complaint, Dr. Ferguson is a podiatrist with an office in North Huntingdon. Between July 27, 2006 and July 7, 2009, Dr. Ferguson wrote numerous prescriptions for the drug, Lorcet, and/or its generic equivalent Hydrocodone, a Schedule III narcotic controlled substance, in the name of two employees. Charlie Schiola was one of those employees. The Complaint stated that the employees were directed to have the prescriptions filled at various pharmacies in the area, and thereafter to give the pills to Dr. Ferguson for his own personal use. Highmark Insurance was billed for some of the prescriptions. Ronald Ferguson, Jr. has been charged with three counts of Insurance

Fraud (F3) and one count of Drug Violations (F) and Criminal Conspiracy (F). Charlie Schiola has been charged with one count of Insurance Fraud (F3) and Drug Violations (F).

- On March 25, 2010, Stephen McFarlane was arrested on a Dauphin County warrant. According to the Criminal Complaint, McFarlane obtained a Pennsylvania driver's license and registered his vehicle in Pennsylvania. He also allegedly provided the Pennsylvania address to an insurance company when he obtained his automobile insurance on his vehicle. The Complaint further stated that McFarlane did not reside in Pennsylvania. Stephen McFarlane has been charged with two counts of Insurance Fraud (F3 & M1) and one count of False Application for Certificate of Title/Registration (M1).



- Scott Powell pled guilty to one count of Insurance Fraud (F3) and eleven counts of Theft by Deception (F3) in Lancaster County. Powell was a licensed insurance agent who solicited a number of individuals to invest in annuities and/or certificates of deposit. Eleven people, mostly over the age of 65, gave Powell in excess of \$80,000, which he was to invest. However, Powell kept the money for his own personal use, including starting a new business and paying domestic relations obligations. Powell provided these clients with fraudulent statements, showing their investments growing to maintain the illusion that these were legitimate investments. On March 22, 2010, Scott Powell was sentenced to serve 2 to 14 years incarceration and ordered to pay restitution of \$84,133.56 and all court costs.
- Linda Escobedo pled guilty to one count of Criminal Conspiracy (F3), one count of Theft by Deception (F3), one count of Deceptive or Fraudulent Business Practices (F3), one count of Identity Theft (F3), one count of Tampering w/Public Records or Information (F3), and one count of Unlawful Use of Computer (F3) in Chester County. Linda Escobedo was a licensed insurance agent and one of the principals of the A-Affordable Insurance

Agency. A-Affordable advertised that it would provide people who did not have driver's licenses, or any other appropriate identifying documentation, with vehicle registrations, insurance and tags enabling those persons to drive cars in Pennsylvania. The scheme was accomplished through a "leasing program" that was directed at illegal aliens who paid A-Affordable substantial fees for these services. A-Affordable submitted fraudulent title and registration paperwork to PennDOT identifying itself as the owner of the car, accompanied by Escobedo's driver's license, when the cars were actually owned by illegal aliens. A-Affordable then "leased" the car back to the illegal alien for a nominal fee. As part of the scheme, A-Affordable required the illegal aliens to buy documents called "international driver's licenses" which provided no driving privileges. A-Affordable also required its customers to buy auto insurance and then submitted to the insurance companies false and undocumented information about the identity, residence and license status of the driver. Hundreds of persons without driver's licenses availed themselves of A-Affordable's leasing program and were provided license plates and registrations, bogus driver's licenses and insurance cards. A-Affordable also carried out a second scheme in which it created over 2000 Globe Life insurance policies in names of persons who did not ask for the policy and often did not even know that the policy existed. After the policies were created, and A-Affordable received their full commission, premium payments stopped. This resulted in a theft by A-Affordable of approximately \$300,000 in commissions. On March 8, 2010, Linda Escobedo was sentenced to serve 3 to 6 years incarceration and 3 years consecutive probation, ordered to pay a \$100,000 fine, restitution of \$300,000 joint and several and all court costs.

- Steve Brubaker pled guilty to one count of Insurance Fraud (F3), seven counts of Theft by Deception (F3), seven counts of Theft by Failure to Make Required Disposition of Funds Received (F3) and five counts of Sales and Purchases under the Securities Act (F3) in Lancaster County. Brubaker, a licensed insurance provider and the owner of TWC Resources and a registered representative for

Woodbury Financial Services, Inc., contacted individuals to invest in unregistered securities in the form of private bearer bonds issued by TWC Philanthropic Pool. Brubaker sold these unregistered securities to individuals ranging in ages from 57 to 83 and totaling \$257,000. Brubaker did not invest these monies, but instead, used the funds for his own personal use. In addition, Brubaker contacted an individual who had just lost her daughter to cancer and offered to handle the deceased daughter's financial affairs and invest the remaining funds in her estate totaling \$104,533.70. However, Brubaker did not invest the money, but again, used the funds for his own personal use. On March 30, 2010, Steve Brubaker was sentenced to serve 7 to 23 months incarceration, 5 years probation and ordered to pay restitution of \$276,485.75 and all court costs.

- Sidy Samassa pled guilty to one count of Insurance Fraud (F3) and one count of Criminal Conspiracy/Theft by Deception (F3) in Montgomery County. Samassa was part of the All-Care investigation. This pro-active investigation revealed a four-tier ring. The top tier included Dr. Walinsky and Eileen Means, who orchestrated the insurance scam together. The next level involved therapists who submitted insurance bills for services never provided. The third level involved runners who were paid referral fees for bringing individuals or "patients" for treatment at All-Care for injuries that they sustained in staged accidents. The last level involved the individuals or patients who were paid to come in for treatment as the result of the staged accidents. Samassa was a patient in the fourth level of the scam. On March 9, 2010, Sidy Samassa was sentenced to serve 6 to 23 months incarceration and ordered to pay all court costs.
- Robert Walter, Jr. pled guilty to one count of Insurance Fraud (F3) and Criminal Conspiracy (F3) and Jamie Silverstrim pled guilty to one count of Insurance Fraud (F3) in Susquehanna County. Walter added collision, comprehensive, towing and rental car reimbursement coverage to his existing policy with the Travelers Insurance Company on April 1, 2008. Silverstrim, Walter's fiancée, filed a claim on April 4th, stating that

Walter was injured in an automobile accident on April 1st. Walter and Silverstrim requested benefits for Walter's anticipated lost wages, vehicle repairs and rental car expenses. However, Walter was actually injured on March 30th, while riding an ATV which was not covered by the policy. On March 10, 2010, Robert Walter, Jr. was sentenced to serve 1 ½ to 23 months incarceration and ordered to pay a \$750 fine and all court costs. Jamie Silverstrim was sentenced to serve 1 ½ to 23 months incarceration and ordered to pay a fine of \$400 and all court costs.

- Anna Prosteva pled guilty to one count of Insurance Fraud (M1) in Dauphin County. Prosteva provided false residency information to obtain a Pennsylvania driver's license, vehicle registration and automobile insurance at a lower rate, when she did not reside in Pennsylvania. On March 22, 2010, Anna Prosteva was sentenced to serve 1 to 12 months incarceration and was ordered to pay a fine of \$350 and all court costs. Prosteva's parole is to terminate upon payment of her fine and costs and proof of an airline ticket for voluntary departure from the United States.
- Charles Eckardt, Jr. pled guilty to one count of Unlicensed Insurance Activity (F3) in Montgomery County. In December of 2004, Eckardt became an "outside producer" for the Union One Insurance Group. As a result of Eckardt's 2004 convictions on Insurance Fraud and Conspiracy charges, the Dept. of Insurance suspended his agent license. That license has not been reinstated but Eckardt continued soliciting, negotiating, and selling insurance at Union One until December 2007, and received approximately \$73,000 in commissions. In late 2007, Eckardt also began placing new insurance business with the Sidney Sacks Insurance Agency. Over roughly six months, Eckardt generated approximately \$200,000 worth of business with that agency and was paid approximately \$26,500 in commissions. On March 3, 2010, Charles Eckardt, Jr. was sentenced to serve 3 years probation and ordered to perform 200 hours of community service, pay a \$10,000 fine and all court costs.
- Frank Celinszak pled guilty to one count of Tampering with Records or Identification (M1)

in Allegheny County. In support of several claims, Celinszak submitted medical bills from Allegheny General Hospital, Dr. Jose P. George and Dr. Gerald M. Josephson. Our investigation revealed that the Allegheny General Hospital bill submitted to the Travelers Insurance Company for the July 21, 2008 claim was falsified. Further, the Allegheny General Hospital bill and the bill from Dr. George submitted to the Liberty Mutual Insurance Company on the July 27th claim were also falsified. In addition, all three bills submitted to the Argonaut Insurance Company were falsified. On March 12, 2010, Frank Celinszak was sentenced to serve 2 years probation and ordered to perform 50 hours of community service, pay a fine of \$250, restitution and all court costs.

- Matthew Farah pled guilty to one count of Insurance Fraud (M1) in Monroe County. On May 2, 2008, Farah purchased an automobile policy with the Progressive Insurance Company for his Toyota Tundra. On May 4th, Farah filed a claim with Progressive stating that his vehicle was involved in an accident on that day. However, our investigation revealed that the accident actually occurred on May 1st, prior to Farah obtaining the policy. Farah attempted to collect \$20,774.20 in damages. On March 3, 2010, Matthew Farah was sentenced to serve 2 years probation and ordered to pay a fine of \$2,000 and all court costs.
- William McCandless pled guilty to one count of Failure to Insure (F3) in Fayette County. McCandless is the incorporator and president of McCandless Insurance Real Estate, Inc. (MIRE), a Fayette County insurance agency. Since August 2006, MIRE paid wages to a handful of employees, but failed to provide workers' compensation insurance for those employees. On March 11, 2010, William McCandless was sentenced to serve 1 year probation and ordered to pay a fine of \$3,000 and all court costs. McCandless Insurance Real Estate, Inc., charges were nolle prossed.

(ARD) DISPOSITIONS

During March, seven defendants received Accelerated Rehabilitative Disposition (ARD).